

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

SENATE BILL 367
RATIFIED BILL

AN ACT TO REMOVE BILLINGS IN EXCESS OF COSTS FROM THE FRANCHISE TAX
CAPITAL BASE FOR TAXPAYERS USING THE PERCENTAGE OF COMPLETION
METHOD OF REVENUE RECOGNITION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-122(b) is amended by adding a new subdivision in the list of exclusions from surplus and undivided profits to read:

"(b) Determination of Capital Base. – A corporation taxed under this section shall determine the total amount of its issued and outstanding capital stock, surplus, and undivided profits. No reservation or allocation from surplus or undivided profits is allowed except as provided below:

...
(1a) Billings in excess of costs that are considered a deferred liability under the percentage of completion method of revenue recognition."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2010.

In the General Assembly read three times and ratified this the 27th day of July, 2009.

Walter H. Dalton
President of the Senate

Joe Hackney
Speaker of the House of Representatives

Beverly E. Perdue
Governor

Approved _____m. this _____ day of _____, 2009

